

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-05
TRSE-00 LAB-04 SIL-01 OMB-01 INT-05 AGRE-00 /065 W
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R 090456Z DEC 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 3610
INFO AMEMBASSY NEW DELHI

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USEEC

E.O.11652: N/A
TAGS: EAID, EEC, ETRD
SUBJECT: FIFTH MEETING OF EC COMMISSION-INDIA JOINT
COMMITTEE, NOVEMBER 22-23

1. BEGIN UNCLASSIFIED: EC COMMISSION-INDIA JOINT
COMMITTEE, ESTABLISHED IN THE FRAMEWORK OF THE TWO-
SIDES/BILATERAL COMMERCIAL COOPERATION AGREEMENT, HELD
ITS FIFTH SESSION, NOVEMBER 22-23 IN BRUSSELS.
SESSION'S CHAIRMAN WAS MANFRED CASPARI, EC COMMISSION
DEPUTY DIRECTOR GENERAL, EXTERNAL RELATIONS, AND HEAD
OF INDIAN DELEGATION WAS DR. P. C. ALEXANDER, SECRETARY
IN THE GOI.

2. JOINT COMMITTEE REVIEWED ECONOMIC/COMMERCIAL
SITUATION AND NOTED INDIA'S FAVORABLE BALANCE OF TRADE
WITH THE COMMUNITY. INDIA HAD ABOUT A \$300,000 SURPLUS
IN FIRST FIVE MONTHS OF 1977, FOLLOWING A \$317,000
SURPLUS IN 1976. INDIA'S MANUFACTURED GOODS EXPORTS
TO COMMUNITY COUNTRIES INCREASED BY MORE THAN \$320,000
BETWEEN 1975 AND 1976, AND REPRESENTED OVER 50 PERCENT
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OF TOTAL EXPORTS TO THE EC LAST YEAR. INDIAN DELEGA-
TION SUGGESTED THAT PRESENT SURPLUS PRIMARILY RESULTS
FROM SHORT-TERM FACTORS AND TOOK EC SIDE TO TASK FOR
"PROTECTIONIST" TENDENCIES, ESPECIALLY REGARDING
TEXTILES, AT A TIME WHEN, INDIAN REP SAID, INDIA IS
PROGRESSIVELY REDUCING ITS IMPORT BARRIERS. IN
RESPONSE, CASPARI, ON BEHALF OF EC DELEGATION, REITER-

ATED COMMUNITY'S "POLITICAL COMMITMENT" TO LIBERAL TRADE.

3. CONCERNING INDUSTRIAL COOPERATION BETWEEN EC AND INDIAN FIRMS, TWO SIDES EXAMINED ACTIVITIES WHICH HAD TAKEN PLACE SINCE LAST JOINT COMMITTEE MEETING IN OCTOBER 1976. THEY PARTICULARLY NOTED THAT THERE HAD RECENTLY BEEN A SERIES OF SEMINARS INVOLVING EC AND INDIAN INDUSTRIALISTS AND PRODUCER ASSOCIATIONS FOR PURPOSE OF EXCHANGING KNOW-HOW AND EXPERIENCE. AS A RESULT OF THESE ACTIVITIES AND SEMINARS, JOINT COMMITTEE CONCLUDED THAT SECTORS OF MAJOR INTEREST FOR PRIVATE SECTOR COOPERATION, INCLUDING POSSIBLE JOINT VENTURES, ARE: ENGINEERING GOODS, LEATHER AND LEATHER GOODS, TEA, TOBACCO, ANIMAL FEEDGRAINS AND FISHERIES. CONCERNING FISHERIES, IT WAS NOTED THAT INDIAN OCEAN RESOURCES SO FAR HAVE BEEN UNDEREXPLOITED AND IT WAS AGREED THAT GOI SHOULD SEND DELEGATION TO EC HEADQUARTERS IN COMING MONTHS TO DISCUSS ECONOMIC POTENTIAL IN THIS AREA. TWO SIDES ALSO EXPLORED POSSIBILITIES OF LONG-TERM COOPERATION IN COAL, IRON ORE AND ALUMINUM PRODUCTION, INCLUDING DEVELOPMENT OF INDIAN RESOURCES. WITH REGARD TO IRON ORE PELLETIZATION PROJECTS ALREADY UNDERWAY, INDIAN DELEGATION EXPRESSED INTEREST IN LONG-TERM MARKETING ARRANGEMENTS WITH COMMUNITY IMPORTERS TO ENSURE OUTLETS FOR MINERALS PRODUCED. EC LIMITED OFFICIAL USE

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SIDE AGREED TO BRING THIS SUGGESTION TO THE ATTENTION OF PRIVATE TRADERS.

4. BILATERAL TRADE PROMOTION PROGRAM (TRADE EXHIBITIONS AND FAIRS) WAS DISCUSSED BRIEFLY; INDIAN SIDE REPORTEDLY SUGGESTED PROGRAM SHOULD BE INTENSIFIED, BUT EC FINANCING FOR THIS PURPOSE FOR NON-ASSOCIATED STATES IS REPORTEDLY LIMITED.

5. OVER HALF OF TWO-DAY SESSION WAS DEVOTED TO CONSIDERATION OF STUDY SPONSORED BY JOINT COMMITTEE CONCERNING JOINT PROJECT PLANNING. THIS REPORT, PUBLISHED IN JULY 1977 BY A UK CONSULTING FIRM (SMALLMAN), REVIEWS PROSPECTS FOR COOPERATION BETWEEN INDIAN AND EC FIRMS BASED ON EXTENSIVE ANALYSIS OF COMPLEMENTARITIES OF TWO ECONOMIES. RESULTS OF STUDY, ENDORSED BY BOTH SIDES, INDICATE THAT INDIAN PRODUCTS WITH FAVORABLE LONG-TERM SALES PROSPECTS IN THE COMMUNITY ARE: MARINE PRODUCTS, TOBACCO, ANIMAL FEED, MINERALS, LEATHER AND LEATHER GOODS, JUTE PRODUCTS, HANDICRAFTS AND JEWELRY, ENGINEERING PRODUCTS, ELECTRONIC COMPONENTS, ETC. STUDY RECOMMENDS INVESTMENT PROMOTION

SUPPORT (WHICH MIGHT COST EC \$5 MILLION OVER FIVE-YEAR PERIOD) FOR THESE "MICRO-SECTORS", AND HIGHLIGHTS NEED TO IMPROVE INDIAN FIRMS' MARKETING CAPABILITIES IF EVENTUAL OPPORTUNITIES ARE TO BE EFFECTIVELY EXPLOITED. A WORKING GROUP OF JOINT COMMITTEE IS TO REVIEW THESE PROPOSALS IN DETAIL IN COMING MONTHS. (A COPY OF REPORT SUMMARIZING SMALLMAN STUDY HAS BEEN POUCHED TO DEPARTMENT - NEA/INS.)

6. ONE CONCRETE DECISION ANNOUNCED AT NOVEMBER 22-23 MEETING WAS REMOVAL OF EC CUSTOMS DUTIES ON JUTE MANUFACTURES EFFECTIVE JANUARY 1, 1978. THIS DECISION WAS GREETED FAVORABLY BY INDIAN DELEGATION SINCE IT

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WILL TAKE EFFECT SIX MONTHS AHEAD OF SCHEDULE SET THREE YEARS AGO. FURTHER, JOINT COMMITTEE AGREED TO INITIATE EXAMINATION OF WAYS TO ACCELERATE EXPORTS OF JUTE AND COIR TO INDUSTRIALIZED COUNTRIES. END UNCLASSIFIED.

7. BEGIN LIMITED OFFICIAL USE: COMMENT: BOTH EC COMMISSION AND LOCAL INDIAN MISSION OFFICIALS PRESENT AT MEETING HAVE COMMENTED TO MISSION OFFICER ON CONSTRUCTIVE ATMOSPHERE OF NOVEMBER 22-23 JOINT COMMITTEE SESSION. AS EVIDENCE OF SERIOUS ATTITUDE ON BOTH SIDES, WE ARE TOLD THAT LITTLE TIME WAS WASTED ON RECRIMINATIONS CONCERNING TEXTILE NEGOTIATIONS UNDERWAY IN SEPARATE FORUM. OUR SOURCES THOUGHT THAT JOINT COMMITTEE'S ENDORSEMENT IN PRINCIPLE OF CONSULTANT'S REPORT ON JOINT PROJECT PLANNING SHOULD PROVIDE BASIS FOR FUTURE CONCRETE ACTION IN INDUSTRIAL COOPERATION

FIELD BETWEEN EC AND INDIAN BUSINESSMEN. MORRIS

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